

~~CONFIDENTIAL~~NIO/AL
INCOMING

FRP: . . 3.

STATE

25X1

84 3048688

SCR

PAGE 001

NC 3048688

TOR: 061557Z JAN 84

RR RUEAIB
ZNY CCCCC ZOC STATE ZZH
UTS2895
RR RUEHC
DE RUEHUL #0096 0060116
ZNY CCCCC ZZH
R 060050Z JAN 84
FM AMEMBASSY SEOUL
TO RUEHDC/USDOC WASHDC
INFO RUEHC/SECSTATE WASHDC 1394
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE SEOUL 00096

USDOC FOR 6320/OMP/EP/FCROSLEY

E.G. 12356: N/A

TAGS: BENC, ENRG, TRGY, KSCA, KS

SUBJECT: ~~XXXXXXXXXXXXXXXXXXXX~~

REF: USDOC 24110

Korea Nuclear Units 11 and 12

1. REGARDING KNU 11 AND 12, THERE INDEED HAVE BEEN CONTINUING DELAYS IN THE DATE EXPECTED FOR THE RFP EVER SINCE THE SUMMER OF 1982. LATEST WORD FROM KOREA ELECTRIC POWER COMPANY (KEPCO) IS THAT THERE WILL BE NO RFP BEFORE SEPTEMBER 1984. GROUNDBREAKING FOR KNU 11 IS NOW SCHEDULED FOR APRIL 1986 WITH COMMERCIAL OPERATION TO START IN 1993. GIVEN PREVIOUS DELAYS BY THE KOREAN GOVERNMENT ON KNU 11 AND 12, WE WOULD NOT BE SURPRISED TO SEE THE TENTATIVE SEPTEMBER 84 DATE SLIP FURTHER. THE PRIMARY PROBLEM AS WE HAVE HEARD IS NOT SO MUCH INDEBTEDNESS BUT INSTEAD THE SUBSTANTIAL EXCESS OF ELECTRIC POWER GENERATION CAPACITY IN RELATION TO THE CURRENT ELECTRICITY DEMAND. FORECASTS ON DEMAND MADE SEVERAL YEARS AGO WERE TOO HIGH. LOCAL U.S. NUCLEAR VENDOR RECENTLY TOLD FCS OFFICER THAT KOREANS INFORMED THEM THAT KEPCO NOW HAD ALMOST 30 PERCENT EXCESS GENERATING CAPACITY. PARADOXICALLY, RATE OF INCREASE IN ELECTRICITY DEMAND INCREASED FASTER THAN PREDICTED FOR 1983 BUT IT APPARENTLY WAS NOT ENOUGH TO OFFSET DECISION TO FURTHER DELAY KNU 11 AND 12 PROJECTS.

2. WORLD BANK REPORT NOTED REFTTEL DID RECOMMEND THAT ROK CURTAIL, OR AT LEAST DELAY THEIR AMBITIOUS PLANS FOR NUCLEAR POWER PLANT CONSTRUCTION BECAUSE OF SEVERAL FACTORS WHICH WERE: GROWING EXTERNAL DEBT OF ROK; CURRENT LOWER THAN EXPECTED PRICE FOR PETROLEUM; ABOVE MENTIONED EXCESS GENERATING CAPACITY; AND COMPETITIVENESS OF COAL FIRED PLANTS AS OPPOSED TO RELATIVELY EXPENSIVE CONSTRUCTION OF NUCLEAR POWER PLANTS. THERE IS, HOWEVER, NO HARD INFORMATION TO SUGGEST THAT KEPCO WILL BE TURNING COMPLETELY TO COAL FIRED PLANTS IN PLACE OF NUCLEAR FOR KNU 11 AND 12 PROJECTS. FYI: WE UNDERSTAND THAT THERE WILL BE A CABINET LEVEL MEETING TOWARDS THE END OF THIS MONTH WHERE IT IS EXPECTED THAT A ROKG DECISION WILL BE REACHED OR WHETHER OR NOT TO

~~CONFIDENTIAL~~

CONFIDENTIAL

84 3048688

SCR

PAGE 002

NC 3048688

TOR: 061557Z JAN 84

PROCEED WITH TWO (2) ADDITIONAL COAL FIRED PLANTS OF
500 MEGAWATT ELECTRIC OUTPUT EACH. HOWEVER, A KNOWLEDGE-
ABLE SOURCE TELLS US THAT EVEN IF THESE TWO FOSSIL UNITS
GOT THE OFFICIAL GO AHEAD, THAT THESE WOULD NOT REPLACE
KNU 11 AND 12. THE NUCLEAR PLANTS WILL COME ON LINE
ALBEIT AT A CONSIDERABLY LATER DATE THAN WAS ANTICIPATED
A YEAR AGO. (FCS:PCDIEHL). WALKER
END OF MESSAGE

CONFIDENTIAL

CONFIDENTIAL